

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



June 25, 2001

The Honorable Anthony Williams
Mayor
District of Columbia
One Judiciary Square
441 4th Street, N.W., Suite 1100
Washington, D.C. 20001

RE: Management Implication Report on Unauthorized Commitment Actions
(MIR-2001-2)

Dear Mayor Williams:

The purpose of this Management Implication Report is to advise you of internal control weaknesses that are occurring within District agencies. Recent findings in an ongoing Office of the Inspector General Report of Investigation revealed that a District of Columbia agency allowed a District contractor to provide services and receive a payment of \$89,342.36 for services rendered, over a two-month period, without the benefit of a valid written contract. An oral agreement with a vendor to provide goods or services to the District Government and payment for the value of those goods and services received, without a valid written contract, is prohibited by the District of Columbia Procurement Practices Act (PPA) of 1985, as amended by the Procurement Reform Amendment Act of 1996, and D.C. Code §§ 1.1181.5 d(1) and d(2).

The investigation disclosed that employees of a District agency entered into an oral agreement with a vendor and allowed that vendor to provide services over a two-month period to the District Government after the agency's contract with that vendor had expired. The failure of the agency to properly plan and coordinate the procurement of essential services resulted in the subsequent award of a sole source contract to this same vendor. Furthermore, managers within the agency were aware that the vendor was providing services without the benefit of a written contract, took no action to discontinue those services, and authorized payments to the vendor for services rendered. In addition,

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the failure to adequately plan a competitive procurement resulted in another vendor protesting the award of the sole source contract with the Contract Board of Appeals.

The "***Report on Ratification of Unauthorized Commitment Actions: June 1, 2000, through September 30, 2000***", dated October 6, 2000, states:

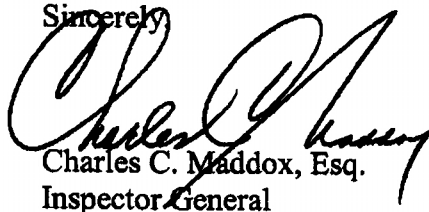
District government officials and employees with no authority to act in the contracting process have no authority to bind the District government even in emergency situations. Only those persons to whom that authority is vested statutorily or to whom that authority has been delegated in writing may bind the District.

During the period June 1, 2000, through September 30, 2000, a total of 79 requests for ratification of unauthorized commitments, totaling in excess of \$9.9 million, were received and considered for approval by the District of Columbia Office of Contracting and Procurement. The failure of District agencies to procure goods and services in accordance with the provisions of the PPA has and will continue to result in the unnecessary expenditure of District funds and a collapse in the best value and competitive procurement processes.

This MIR will provide agency heads with information about conditions that may exist in their agencies. It is my hope that agency heads will now have the information necessary to detect and correct similar conditions should they exist in their respective agencies.

If you have any questions about this report, please call me or David M. Bowie, the Assistant Inspector General for Investigations, at (202) 727-9249.

Sincerely,



Charles C. Maddox, Esq.
Inspector General

CCM/tmf

cc: District of Columbia Financial Responsibility
and Management Assistance Authority
District of Columbia Councilmembers
District of Columbia Agency Heads